The Wharton Magazine

Winter 1981 – 1982 Vol. 6 No. 2

A Legal Look at Performance Appraisal, page 66

ARTICLES

Assessing Political Risk Overseas Corporations need specialists to determine the effect of politics on their foreign operations.	Stephen J. Kobrin	24
State-Owned Enterprises in Developing Countries They rarely turn a profit and many are deeply in debt to western banks.	Malcolm Gillis and Ignatius Peprah	32
Economics and the Koran Banking with interest is forbidden by the Koran.	Ann Elizabeth Mayer	41
The Office of Yesterday Of typewriters and social history.	Donald Sutherland	46
The Wharton Magazine Economic Newsletter	Lawrence R. Klein and Associates	57
A Legal Look at Performance Appraisal The courts have cast a baleful eye at the subjective and the unsystematic.	Duane E. Thompson and Debra E. Moskowitz	66
International Executive Compensation American managers have an edge in the salary sweepstakes.	The Hay Group	71

DEPARTMENTS

Scanning: Summaries of Management Research Reports		4
Reviews: Servan-Schreiber's Pax Cybernetica	James O'Toole	12
Western Wisdom, Eastern Clothes	Suresh Srivastva	14
Washington: Spring Cleaning Proposed for GSA	Lynn Densford	19
Bits: Wit, Wisdom, and Insight for Management		76
Feedback: Last Word from the Readers		78

Publisher
Donald C. Carroll

Editor in Chief
William K. West

Editorial Board
Jack M. Guttentag
Leonard M. Lodish
David N. Ness
Michael L. Wachter
Ross A. Webber

Advisory Board
Russell Ackoff
William Eagleson, Jr.
Alice F. Emerson
James Emery
Irwin Friend
Paul Green
Lawrence R. Klein
Irving Kravis
Michael R. Levy
Dan McGill
Dinah Nemeroff
Donald A. Pels
Almarin Phillips
David Solomons
Eric Trist
Charls E. Walker

Reviews Editor
Warren Bennis

Art Director
Mitch Shostak
Assistant Editor
Leslie Whitaker
Scanning Editor
Michael F. Wolff

Associate Publisher
Eric van Merkensteijn
Advertising Director
Jack Aldrich
Assistant Publisher
Suzanne S. Becker
Operations Manager
Lois Ann Rose

The Wharton Magazine is published quarterly.
Copyright © 1981 by the Trustees of the University of Pennsylvania. All rights reserved. **Photocopy rights:** Permission to photocopy for internal or personal use is granted by the copyright owner for libraries and other users registered with the Copyright Clearance Center (CCC), provided that the base fee of $2.00 per copy of the article is paid directly to CCC, 21 Congress Street, Salem, MA 01970. Copying done for other than personal or internal reference use without the express permission of *The Wharton Magazine* is prohibited. Special requests should be addressed to the Assistant Editor.
CCC Number: 0145-4188/81 $2.00 $0.00
Manuscripts and art should be accompanied by stamped, self-addressed envelope and mailed to: Editor, *The Wharton Magazine*, Centenary Hall, University of Pennsylvania, Philadelphia, PA 19104. (215) 243-8999.

All subscription correspondence: Subscription Department, at same address.

Advertising: Jack Aldrich, Director of Advertising Sales, at same address. (215) 243-8999.

Advertising Representative: Rob Sennott, The Leadership Network, Suite 321, 230 Park Avenue, New York, NY 10017, (212) 682-4500. **Publisher's Representative:** Joe Delone and Associates, P.O. Box 271, 22 Welwyn Road, Riverside, CT 06878, (203) 637-2758.

Washington Bureau: Snyder Associates, 1050 Potomac Street NW, Washington, D.C. 20007. (202) 965-3700.

Staff: *Scanning Research:* Susan Hyman, Rob Kazanjian, Kenneth H. Thomas, Robert Thomas, Susan Tobin; *Circulation and Editorial Assistants:* Lisa Armstrong, Joan Bester, Eve Donovan, Darcy Feingold, Christin Markunas, Donna McMahon, Edward Mulé, John Prendergast, Ellen West, Karen Woodrow.

Subscriptions: $14 a year in the United States; $16 in Canada and Mexico; $24 (by air) in Europe and Latin America; $26 (by air) in Asia, Pacific, and Africa.
Printed by The Winchell Company, Philadelphia, PA 19107.
U.S.P.S. #432950. Second-class postage paid at Philadelphia, PA.
Application for Audit Bureau of Circulations Membership has been made November 1980.

Cover: Mick McGinty/Willardson + White Studio

VOL. 6 1/82

Spring 1982 **The Wharton Magazine** Vol. 6 No. 3

The Influence of Group Longevity, page 28.

ARTICLES

Of Time and the Manager Rationing this scarce commodity will help maximize effectiveness.	Ross A. Webber	21
The Influence of Group Longevity: High-Performance Research Teams R&D groups seem to have performance curves analogous to the human life cycle.	Ralph Katz	28
Five Scenarios for International Trade Past trends are unlikely to provide us with an accurate view of the future.	Richard Drobnick and Selwyn Enzer	35
What Is the Future of Central America? A look at the past and the present.	Jonathan Evan Maslow	44
The Wharton Magazine Economic Newsletter	Lawrence R. Klein and Associates	49
Running on Empty: The Problems of Productivity This economist's nonstandard approaches have turned up some startling insights.	Interview with Emma Rothschild	54

DEPARTMENTS

Scanning: Summaries of Management Research Reports		4
Reviews: Sacred Cows and Silent Structures	Robert R. Blake and Jane Srygley Mouton	9
Washington: Miller Restrains the FTC "Bully"	Bob Hickox	12
Bits: Wit, Wisdom, and Insight for Management		60
Feedback: Last Word from the Readers		64

Publisher
Donald C. Carroll

Editor in Chief
William K. West

Editorial Board
Jack M. Guttentag
Leonard M. Lodish
David N. Ness
Michael L. Wachter
Ross A. Webber

Advisory Board
Russell Ackoff
William Eagleson, Jr.
Alice F. Emerson
James Emery
Irwin Friend
Paul Green
Lawrence R. Klein
Irving Kravis
Michael R. Levy
Dan McGill
Dinah Nemeroff
Donald A. Pels
Almarin Phillips
David Solomons
Eric Trist
Charls E. Walker

Reviews Editor
Warren Bennis

Art Director
Mitch Shostak
Associate Editor
Leslie Whitaker
Scanning Editor
Michael F. Wolff

Associate Publisher
Eric van Merkensteijn
Assistant Publisher
Suzanne S. Becker
Operations Manager
Lois Ann Rose

Cover: Rich Grote

The Wharton Magazine is published quarterly.

Copyright © 1982 by the Trustees of the University of Pennsylvania. All rights reserved. **Photocopy rights:** Permission to photocopy for internal or personal use is granted by the copyright owner for libraries and other users registered with the Copyright Clearance Center (CCC), provided that the base fee of $2.00 per copy of the article is paid directly to CCC, 21 Congress Street, Salem, MA 01970. Copying done for other than personal or internal reference use without the express permission of *The Wharton Magazine* is prohibited. Special requests should be addressed to the Associate Editor.

CCC Number: 0145-4188/81 $2.00 $0.00
Manuscripts and art should be accompanied by stamped, self-addressed envelope and mailed to: Editor, *The Wharton Magazine*, Centenary Hall, University of Pennsylvania, Philadelphia, PA 19104. (215) 243-8999.

All subscription correspondence: Subscription Department, at same address.

Advertising: Suzanne Becker, Assistant Publisher, at same address. (215) 243-8999.

Advertising Representative: Rob Sennott, The Leadership Network, Suite 321, 230 Park Avenue, New York, NY 10017, (212) 682-4500.

Washington Bureau: Snyder Associates, 1050 Potomac Street NW, Washington, D.C. 20007. (202) 965-3700.

Staff: *Editorial Associates:* Janice MacKenzie, John Prendergast; *Scanning Research:* Susan Hyman, Kenneth H. Thomas, Robert Thomas, Susan Tobin; *Circulation and Editorial Assistants:* Lisa Armstrong, Joan Bester, Eve Donovan, Darcy Feingold, Lisa Green, Christin Markunas, Donna McMahon, Edward Mulé, Ellen West, Karen Woodrow.

Subscriptions: $14 a year in the United States; $16 in Canada and Mexico; $24 (by air) in Europe and Latin America; $26 (by air) in Asia, Pacific, and Africa.
Printed by The Winchell Company, Philadelphia, PA 19107. U.S.P.S. #432950. Second-class postage paid at Philadelphia, PA. Application for Audit Bureau of Circulations Membership has been made November 1980.

VOL
6
1981/

Summer 1982 **The Wharton Magazine** Vol. 6 No. 4

Marketing And Corporate Strategy, Page 38

ARTICLES

Organization, Diversity, And Performance Appropriate organization can limit the risks of diversification.	James S. Cassano and Daniel A. Nathanson	18
Advertising Budgets: Don't Leave Well Enough Alone When making decisions, managers should test everything.	Leonard M. Lodish	27
The Wharton Magazine Economic Newsletter	Lawrence R. Klein and Associates	33
Marketing And Corporate Strategy Strategic planning could benefit greatly from a marketing orientation.	Yoram Wind	38
Work In Sweden: Trouble In Paradise Sweden's famed "middle way" has taken a wrong turn.	Paul Bernstein	46
Life On The Line In an atmosphere of cooperation, how do bosses maintain power?	Michael Moch and Anne S. Huff	53

DEPARTMENTS

Scanning: Summaries of Management Research Reports		5
Reviews: Drucker Tries Something New	John Prendergast	62
The Camera's Eye	Judith Garwood	64
Washington: Starvation Diet For Price Index	James D. Snyder	11
Bits: Wit, Wisdom, and Insight for Management		68
Feedback: Last Word from the Readers		70

Publisher
Donald C. Carroll

Editor in Chief
William K. West

Editorial Board
Jack M. Guttentag
Leonard M. Lodish
David N. Ness
Michael L. Wachter
Ross A. Webber

Advisory Board
Russell Ackoff
William Eagleson, Jr.
Alice F. Emerson
James Emery
Irwin Friend
Paul Green
Lawrence R. Klein
Irving Kravis
Michael R. Levy
Dan McGill
Dinah Nemeroff
Donald A. Pels
Almarin Phillips
David Solomons
Eric Trist
Charls E. Walker

Reviews Editor
Warren Bennis

Art Director
Mitch Shostak
Assistant Editor
John Prendergast
Scanning Editor
Michael F. Wolff

Associate Publisher
Eric van Merkensteijn
Assistant Publisher
Suzanne S. Becker
Operations Manager
Lois Ann Rose

Cover: Ed Soyka

The Wharton Magazine is published quarterly.
Copyright © 1982 by the Trustees of the University of Pennsylvania. All rights reserved. **Photocopy rights:** Permission to photocopy for internal or personal use is granted by the copyright owner for libraries and other users registered with the Copyright Clearance Center (CCC), provided that the base fee of $2.00 per copy of the article is paid directly to CCC, 21 Congress Street, Salem, MA 01970. Copying done for other than personal or internal reference use without the express permission of *The Wharton Magazine* is prohibited. Special requests should be addressed to the Assistant Editor.
CCC Number: 0145-4188/81 $2.00 $0.00
Manuscripts and art should be accompanied by stamped, self-addressed envelope and mailed to: Editor, *The Wharton Magazine*, Centenary Hall, University of Pennsylvania, Philadelphia, PA 19104. (215) 243-8999.

All subscription correspondence: Subscription Department, at same address.

Advertising: Suzanne Becker, Assistant Publisher, at same address. (215) 243-8999.

Advertising Representative: Rob Sennott, The Leadership Network, Suite 321, 230 Park Avenue, New York, NY 10017. (212) 682-4500.

Washington Bureau: Snyder Associates, 1050 Potomac Street NW, Washington, D.C. 20007. (202) 965-3700.

Staff: *Editorial Associates:* Janice MacKenzie, Peter K. Reinhart; *Scanning Research:* Susan Hyman, Kenneth H. Thomas, Robert Thomas, Susan Tobin; *Circulation and Editorial Assistants:* Lisa Armstrong, Joan Bester, Eve Donovan, Darcy Feingold, Lisa Green, Christin Markunas, Donna McMahon, Edward Mulé, Ellen West, Karen Woodrow.

Subscriptions: $14 a year in the United States; $16 in Canada and Mexico; $24 (by air) in Europe and Latin America; $26 (by air) in Asia, Pacific, and Africa.
Printed by The Winchell Company, Philadelphia, PA 19107.
U.S.P.S. #432950. Second-class postage paid at Philadelphia, PA.
Member, Audit Bureau of Circulations.